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Supreme Court, U.S.
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JOSEPH F. SPANIOL, JR.
CLERK

No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1985

THE CAMBRIDGE WIRE CLOTH COMPANY,
Petitioner,

v.

THE LAITRAM CORPORATION AND INTRALOX, INC.
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTION PRESENTED FOR REVIEW

The question presented is whether the Court of Appeals for the Federal Circuit erred in not holding as clearly erroneous the District Court's finding of patent validity, a finding which ignored the admission of the patent's co-inventor that the broadest claim of the patent is completely anticipated by prior art.

PARTIES TO THE PROCEEDING BELOW

The captioned parties in this Court are the parties to the proceeding below.[1]

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[1] These parties also are those who would constitute the listing required by Rule 28.1.

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No.

THE CAMBRIDGE WIRE CLOTH COMPANY,
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v.

THE LAITRAM CORPORATION AND INTRALOX, INC.,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner, The Cambridge Wire Cloth Company, prays that a writ of certiorari be granted to review the March 3, 1986 decision of the United States Court of Appeals for the Federal Circuit, adhered to by the April 28, 1986 denial of a timely petition for rehearing.[2]

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[2] The appellate court's decisions are appended as items A and B, respectively. Reference to the Appendix is by page. For example, Appendix A commences at 1a, and Appendix B begins at 8a.

REPORTS OF OPINIONS

The March 19, 1985 decision of Magistrate Frederic N. Smalkin is reported at ___ F. Supp. ___, 226 USPQ 289 (D. Md. 1985).

The March 3, 1986 decision of the United States Court of Appeals for the Federal Circuit is reported at 785 F.2d 292, 228 USPQ 935 (Fed. Cir. 1986).

JURISDICTION

Petitioner seeks review of the March 3, 1986 decision of the Court of Appeals, adhered to by the April 28, 1986 denial of a petition for rehearing.

Jurisdiction of this Court is founded on 28 U.S.C. 1254(1) and 28 U.S.C. 2101(c).

STATUTE AND RULE OF CIVIL PROCEDURE INVOLVED

United States Code, Title 35—Patents

§102. Conditions for patentability; novelty and loss of right to patent

> A person shall be entitled to a patent unless—
>
> (a) the invention was known or used by others in this country, or patented or described in a printed publication in this country or a foreign country, before the invention thereof by the applicant for patent,. . .

Federal Rules of Civil Procedure

Rule 52. Findings by the Court

> (a) Effect. [Effective until August 1, 1985.] In all actions tried upon the facts without a

jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence or appear in an opinion or memorandum of decision filed by the court. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b).

STATEMENT OF THE CASE

A patent infringement action was brought by The Laitram Corporation against The Cambridge Wire Cloth Company ("CWC") in the United States District Court for the District of Maryland. Jurisdiction was based on 28 U.S.C. 1338(a).

At the commencement of trial, Intralox, Inc., a wholly-owned subsidiary of The Laitram Corporation,

was added as a co-plaintiff.[3] The parties consented to the case being tried before a Magistrate. At the conclusion of a 9-day trial, the Magistrate delivered an oral bench opinion (Appendix C, at 9a). As it pertains to this petition, the Magistrate determined that the broadest Claim 19 of Laitram's Patent 3,870,141 (the '141 patent) is valid and infringed by two plastic belting products marketed by CWC.

During trial, Mr. J. M. Lapeyre, Sr. testified on behalf of Laitram as its technical expert. Mr. Lapeyre is a co-inventor of the '141 patent. Additionally, he is Laitram's President and has received personal royalties in excess of a million dollars from Laitram's sales of products incorporating what is claimed in '141.

During cross-examination, Mr. Lapeyre was interrogated concerning the relationship of Claim 19 of the '141 patent to an embodiment of the invention disclosed in a prior art German Patent 113,669 issued to one Malard. Mr. Lapeyre admitted as follows:

> "Q. [W]ould you agree that each of the elements of Claim 19 therefore would find correspondence in such a version of Malard?
>
> "A. Yes.
>
> . . .
>
> "Q. And haven't you just agreed with me, sir, that the Malard patent completely anticipates Claim 19 of your '141 patent?

---

[3] Hereinafter, Laitram and Intralox will be referred to collectively as "Laitram".

. . .

"A. It's yes. It's certainly pertinent."

This unequivocal testimony never was repudiated.

The Magistrate ignored Mr. Lapeyre's admission against his substantial interest in the outcome of the case, concluding instead that CWC failed to show by clear and convincing evidence that Malard suggested to one ordinarily skilled in the art the combination of elements that eventually resulted in '141. (Appendix, at 24a).

The Court of Appeals for the Federal Circuit summarily affirmed the Magistrate. In doing so, it also ignored Mr. Lapeyre's admission that Malard completely anticipates Claim 19 (Appendix, at 4a):

> "CWC did not otherwise show that Malard would have been considered important to the PTO. Similarly, the Malard reference neither anticipates nor renders obvious any of Laitram's patents."

CWC's petition for rehearing was denied (Appendix, at 8a).

ARGUMENT

By totally disregarding the uncontroverted admission against interest of the co-inventor, Mr. Lapeyre, the appellate court has so far sanctioned a departure from the accepted and usual course of judicial proceedings by the Magistrate as to call for an exercise of this Court's power of supervision.

Anticipation of a patent claim by a prior art reference is a factual determination. *Lindemann Mas-*

chinenfabrik GmbH v. *American Hoist & Derrick Co.*, 730 F.2d 1452, 1458 (Fed. Cir. 1984). Anticipation occurs when a single prior art reference expressly or inherently discloses each and every element of a claimed invention. *Kalman* v. *Kimberly-Clark Corp.*, 713 F.2d 760, 771 (Fed. Cir. 1983).

Federal Rule of Civil Procedure 52a provides that a finding of fact shall not be set aside unless clearly erroneous. A finding is "clearly erroneous", however, when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been made. *United States* v. *United States Gypsum Co.*, 333 U.S. 364, 395 (1948).

There is no dispute that German Patent 113,669—Malard was patented before the invention claimed in Laitram's Patent 3,870,141. Consequently, Malard is prior art under 35 U.S.C. 102(a).

It also is uncontroverted that Malard discloses two embodiments of his invention. The preferred embodiment is both described in the patent and illustrated in its drawings. The alternative embodiment is described but not illustrated.

The Magistrate limited his consideration of Malard to the illustrated embodiment (Appendix, at 24a). In so doing he erred, for it is well settled that a prior art patent is a reference for *all* that it discloses, including non-preferred embodiments. *In re Umbricht*, 404 F.2d 386, 390 (CCPA 1968) and *EWP Corp.* v. *Reliance Universal, Inc.*, 755 F.2d 898, 907 (Fed. Cir. 1985). Furthermore, the Magistrate never compared what Malard discloses with what is called for in Claim 19.

At trial, Mr. Lapeyre first admitted that each element recited in Claim 19 of the '141 patent is found in the *preferred* embodiment of Malard illustrated in Fig. 9 of that patent, but during re-direct examination, he sought to evade this admission.[4]

Mr. Lapeyre's testimony was unequivocal and unrepudiated, however, concerning Malard's *alternative* embodiment (Appendix F, at 58a):

> "Q. [W]ould you agree that each of the elements of Claim 19 therefore would find correspondence in such a version of Malard?
>
> "A. Yes.
>
> . . .
>
> "Q. And haven't you just agreed with me, sir that the Malard patent completely anticipates Claim 19 of your '141 patent?
>
> . . .
>
> "A. It's yes. It's certainly pertinent."

Mr. Lapeyre's admission against interest was ignored by the Magistrate. CWC submits that had it been considered, no fair conclusion could have been reached other than that Claim 19 is anticipated by Malard.[5]

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[4] An element-by-element comparison between Claim 19 and Mr.Lapeyre's initial testimony about the preferred embodiment is appended hereto (Appendix E, at 53a).

[5] This is so not only for the reason that Mr. Lapeyre is the '141 co-inventor, but also because of his experience in patent matters evidenced by his having been granted more than 100 U.S. patents, including those which were the subject of this Court's decision in *Laitram Corp. v. Deepsouth Packing Co., Inc.*, 406 U.S. 518 (1972). See Appendix, at 11a.

The appellate court summarily affirmed the Magistrate's determination that Malard does not anticipate Claim 19 of '141 (Appendix, at 3a). Its only substantive comments concerning Malard occurred when the court discussed the Magistrate's findings as to whether knowledge of Malard would have been important to the Patent Office's consideration of the application for the '141 patent.[6] In this connection, the court stated (Appendix, at 4a):

> "Evidence produced at trial shows that Malard was not considered a pertinent reference during the prosecution of the Swedish, German, and Dutch counterparts of the '141 patent. Additionally, the patent counsel who represented Laitram during prosecution of the '141 patent testified that he did not consider Malard pertinent. The Magistrate found this testimony credible. CWC did not otherwise show that Malard would have been considered important to the PTO. Similarly, the Malard reference neither anticipates nor renders obvious any of Laitram's patents."

This extract of the appellate court's decision reveals that the admission against interest of the '141 co-inventor again was completely ignored. The importance of Malard hardly could be shown more forcefully than through Mr. Lapeyre's admission that Malard is anticipatory prior art which is "certainly pertinent".

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[6] Malard admittedly was known to the attorney prosecuting the '141 patent application, but it never was disclosed to the Patent Office. CWC has contended throughout these proceedings that Laitram engaged in inequitable conduct by failing to bring this anticipatory and "certainly pertinent" prior art to the Patent Examiner's attention.

As to the evidence which the Magistrate and the appellate court did consider, the legal authority is overwhelming that patent proceedings in foreign countries are not controlling in the U.S. because of differing standards of patentability from country to country. See, e.g., *Skil Corp.* v. *Lucerne Products, Inc.*, 684 F.2d 346, 351 (6th Cir. 1982); *Timely Products Corp.* v. *Arron*, 523 F.2d 288, 295 (2d Cir. 1975); *Ditto Inc.* v. *Minnesota Mining & Mfg. Co.*, 336 F.2d 67, 71 (8th Cir. 1964). This is especially so in the present case, for there is no evidence that the claims of the '141 foreign counterparts correspond to Claim 19 of the U.S. patent. See *Timely Products*, at 295. Thus, in light of the uncontroverted admission of anticipation by Mr. Lapeyre, the appellate court's observation that Malard was not considered pertinent during the prosecution of foreign counterparts to the '141 patent was an inappropriate basis for affirming the Magistrate's determination that Malard is not relevant.

Even accepting as credible the self-serving testimony of Laitram's counsel that he didn't consider Malard to be pertinent prior art, such testimony is of entirely different character, and deserving of far less weight, than the admission against interest of the patent's co-inventor that Claim 19 is completely anticipated.

The total disregard of Mr. Lapeyre's admission constitutes fundamental error. Had the Magistrate properly considered the *entire* evidence, he would have weighed Mr. Lapeyre's unequivocal and unrepudiated admission that the alternative embodiment of Malard anticipates Claim 19—a conclusion agreed to by

CWC's technical expert, Mr. Andrews—against non-controlling determinations of Malard's relevancy made by foreign patent offices and the clearly self-serving statement of Laitram's counsel. CWC submits that such consideration could not have led to two permissible views of the evidence. Instead, the fair conclusion would have been inescapable that Claim 19 is anticipated by Malard.

The appellate court failed to recognize that the Magistrate did not consider all of the evidence. Consequently, it did not make a competent determination as to the Magistrate's having committed clear error.[7]

CWC petitions this Court for a writ of certiorari, for it is believed that a review of the entire evidence will leave the Court with the definite and firm conviction that a mistake has been committed.

Respectfully submitted,

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[7] The *sub silentio* disposition of CWC's challenge to the Magistrate's monetary award is another indicator of the court's having failed to provide the careful appellate consideration which justice and fair play dictate.

SERVICE

Three copies of this Petition and its Appendix have been served on counsel of record for The Laitram Corporation and Intralox, Inc. by first class mail, postage prepaid, this 30th day of May, 1986.

KEVIN E. JOYCE

APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Appeal Nos. 85-2247
85-2248

THE LAITRAM CORPORATION and INTRALOX, INC.,
Appellees/Cross-Appellants,

v.

THE CAMBRIDGE WIRE CLOTH COMPANY,
Appellant/Cross-Appellee.

DECIDED: March 3, 1986

Before BALDWIN, *Circuit Judge*, NICHOLS, *Senior Circuit Judge*, and BISSELL, *Circuit Judge*.

BISSELL, *Circuit Judge*.

This is an appeal from the judgment of the United States District Court for the District of Maryland, finding U.S. Patent Nos. 4,159,763 ('763), 3,870,141 ('141),4,051,949 ('949) and Re. 30,341 ('341) owned by Laitram Corporation and Intralox, Inc. (collectively called Laitram) valid and infringed by products produced by Cambridge Wire Cloth Company (CWC). The magistrate's opinion is reported at 226 USPQ 289 (D.Md. 1985). We affirm in part, reverse in part, and remand.

BACKGROUND

Laitram asserted at the trial that the four patents mentioned above were infringed by CWC's products. Three of the patents, '141, '949 and '763, relate to modules for the construction of plastic conveyor belts. The fourth patent, '341, pertains to a drive system adapted for the conveyor belts embodied in the '141, '949 and '763 patents. Two CWC conveyor belts said to infringe the Laitram patents are the close rib (CR)-product and the perforated top (PT)-product. The magistrate, after a bench trial, held all the patents valid, *i.e.*, that CWC failed to establish invalidity with facts supported by clear and convincing evidence. The magistrate found that the CR-product infringed claims 1, 2, 10, 11, 15, 19, 20 and 21 of the '141 patent, claims 21, 22 and 24 of the '949 patent, and claims 1, 2 and 4-8 of the '763 patent. The magistrate further found that the PT-product infringed claims 19-21 of the '141 patent and claim 8 of the '763 patent and that use in a conveyor drive system of CWC's sprocket and non-circular drive shaft assembly infringed claims 1, 2 and 3 of the '341 patent. The magistrate denied Laitram's request for a finding of willful infringement and an award of attorney's fees under 35 U.S.C §§ 284 and 285. The magistrate awarded damages and an injunction but denied prejudgment interest on the damages award.

The issues presented in this appeal are whether the magistrate erred in concluding that the patents in suit were not shown to be invalid or clearly erred in finding the claims of the patents infringed but not willfully, and whether prejudgment interest on the damages award was properly withheld.

We see no error in the magistrate's determination on validity and reject CWC's allegations that the magistrate's findings on infringement and willful infringement were clearly erroneous. We further conclude that the magistrate

abused his discretion in withholding prejudgment interest on the damages award.

The issues presented in this court were thoroughly treated in the magistrate's opinion. Of all the allegations made in this appeal concerning the invalidity and non-infringement of the Laitram patents, it is necessary to address only CWC's argument that inequitable conduct in the procurement of the '141 patent renders unenforceable all the patents in suit. CWC asserts that German patent No. 113,669 (Malard) anticipated claims 19-21 of the '141 patent and Laitram's failure to disclose Malard to the PTO renders the '141 patent, and the related '763, '949, and '341 patents unenforceable. The magistrate rejected that argument and we agree.

In *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 220 USPQ 763 (Fed. Cir.), *cert. denied*, . U.S. ___ , 105 S.Ct. 95, 224 USPQ 520 (1984), this court articulated a balancing test for determining whether conduct during prosecution of a patent application renders the resulting patent unenforceable. In balancing the materiality of the withheld prior art against the level of intent with which the prior art was withheld from the Patent and Trademark Office (PTO), this court stated:

> [W]here an objective "but for" inquiry is satisfied under the appropriate standard of proof, and although one is not necessarily grossly negligent in failing to anticipate judicial resolution of validity, a lesser showing of facts from which intent can be inferred may be sufficient to justify holding the patent invalid or unenforceable, in whole or in part. Conversely, where it is demonstrated that a reasonable examiner would merely have considered particular information to be important but not crucial to his decision not to reject, a showing of facts which would indicate something more than gross negligence or recklessness may

> be required, and good faith judgment or honest mistake might well be a sufficient defense.

Id. at 1363, 220 USPQ at 773.

CWC erroneously argued that *Argus Chemical Corp. v. Fibre Glass-Evercoat Co., Inc.*, 759 F.2d 10, 225 USPQ 1100 (Fed. Cir.), *cert. denied*, ___U.S. ___, 106 S.Ct. 231 (1985), held that subjective "good faith" is never a defense to a claim of inequitable conduct. Rather, *Argus* supports the position that the level of intent is balanced against the materiality of the prior art in question. In *Argus*, the withheld information was the inventor's own sales which are material to the § 102(b) time bar. This sales information was known by counsel and counsel should have known that it was material to the examiner in resolving any § 102 questions. Good faith did not negate this inequitable conduct.

However, these facts are distinguishable from *Argus* and the balance achieved here is more analogous to the balance achieved in *Vandenberg v. Dairy Equipment Co.*, 740 F.2d 1560, 224 USPQ 195 (Fed. Cir. 1984). In *Vandenberg*, the district court relied upon the nondisclosed device in reaching its conclusion of obviousness, demonstrating its materiality. No inequitable conduct was found in *Vandenberg* because there was no clear and convincing evidence of culpability. *Id.* at 1568, 224 USPQ at 200.

Evidence produced at trial shows that Malard was not considered a pertinent reference during the prosecution of the Swedish, German, and Dutch counterparts to the '141 patent. Additionally, the patent counsel who represented Laitram during prosecution of the '141 patent testified that he did not consider Malard pertinent. The magistrate found this testimony credible. CWC did not otherwise show that Malard would have been considered important to the PTO. Similarly, the Malard reference neither anticipates nor renders obvious any of Laitram's patents. Therefore, the necessary threshold showing of materiality has not

been made. *J.P. Stevens & Co. v. Lex Tex, Ltd.*, 747 F.2d 1553, 223 USPQ 1089 (Fed. Cir. 1984), *cert. denied*, ___ U.S. ___, 106 S.Ct. 73 (1985). *Accord Atlas Powder Co. v. E.I. du Pont De Nemours & Co.*, 750 F.2d 1569, 224 USPQ 409 (Fed. Cir. 1984).

Additionally, CWC has failed to identify any evidence which negates the magistrate's determination that the patentee of the Laitram patent lacked culpable intent in failing to disclose Malard to the PTO. The magistrate found the prosecution counsel's testimony that he had no intent to deceive the PTO by not disclosing Malard's existence credible and found no evidence of either conscious intent to deceive or gross or wanton neglect or misconduct.

CWC's assertion that Laitram withheld other information contained in the corresponding Swedish patent application, specifically French Patent 24,295 (Albinet), is specious. CWC knew of the Swedish patent application as early as 1980 when the '141 patent prosecution history was examined during license negotiations. During trial, CWC could have requested the production of the Swedish patent application but, in fact, decided not to require its production. CWC cannot for the first time, without any evidence produced at trial, develop in its reply brief an allegation of fraud. *See Studiengesellschaft Kohle, m.b.H. v. Dart Industries, Inc.*, 726 F.2d 724, 220 USPQ 841 (Fed. Cir. 1984) (which sustained a finding of no fraud where there was no testimony on the fraud issue at trial, and the documentary evidence was conflicting, and the fraud defense was first developed in defendant's post-trial brief); *Cf. S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198, 228 USPQ 367 (1986) (where it was not an abuse of discretion in the district court's ruling that, because, defendant "unduly delayed" raising inequitable conduct, defendant could not adduce evidence on it); *Bio-Rad Laboratories, Inc. v. Nicolet Instruments Corp.*, 739 F.2d 604, 222 USPQ 654 (Fed. Cir.) *cert. denied*, ___U.S. ___, 105 S.Ct. 516 (1984) (defense of a misuse based on a patent

licensing was not considered on appeal because untimely); *But see Thompson-Hayward Chemical Co. v. Rohm & Haas Co.*, 745 F.2d 27, 223 USPQ 690 (Fed. Cir. 1984) (where because of the unique facts and policy considerations of the case, this court allowed the inequitable conduct defense to be raised for the first time on appeal).

PREJUDGMENT INTEREST

The Supreme Court in *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 654, 217 USPQ 1185, 1188 (1983), concluded that prejudgment interest should ordinarily be awarded affording patent owners complete compensation. The Court in *Devex* did not articulate this holding in a vacuum, but provided guidelines to the boundary of "ordinarily" by stating:

> [Section 284] states that interest shall be "fixed by the court," and in our view it leaves the court some discretion in awarding prejudgment interest. For example, it may be appropriate to limit prejudgment interest, or perhaps even deny it altogether, where the patent owner has been responsible for undue delay in prosecuting the lawsuit. There may be other circumstances in which it may be appropriate not to award prejudgment interest.

Id. at 656-57, 217 USPQ at 1189 (footnote omitted); *see, e.g., Gyromat Corp. v. Champion Spark Plug Co.*, 735 F.2d 549, 222 USPQ 4 (Fed. Cir. 1984). CWC failed to provide this court or the trial court with any circumstances which excuse prejudgment interest on awarded damages. Consequently, we find that the magistrate abused his discretion by failing to award prejudgment interest. Therefore, the magistrate's denial of prejudgment interest is reversed. The case is remanded for entry of an amended judgment awarding an amount of prejudgment interest as determined by the magistrate.

AFFIRMED-IN-PART, REVERSED-IN-PART, AND REMANDED

APPENDIX B

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Appeal Nos. 85-2247
85-2248

THE LAITRAM CORPORATION and INTRALOX, INC.,
Appellees/Cross-Appellants

v.

THE CAMBRIDGE WIRE CLOTH COMPANY,
Appellant/Cross-Appellee

Before BALDWIN, *Circuit Judge*, NICHOLS, *Senior Circuit Judge*, and BISSELL, *Circuit Judge*.

ORDER

A suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the suggestion for rehearing in banc is declined.

FOR THE COURT

/s/ Francis X. Gindhart
FRANCIS X. GINDHART

4/28/86
Date

cc: Mr. Kevin E. Joyce
Mr. Paul J. Hayes

APPENDIX C

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND

CIVIL NO. HAR 83-3126

THE LAITRAM CORPORATION and INTRALOX, INC.,
Plaintiffs,

v.

THE CAMBRIDGE WIRE CLOTH COMPANY,
Defendant.

(EDITED) TRANSCRIPT OF ORAL OPINION

This is a patent case that was filed on August 31, 1983, in which the plaintiffs, The Laitram Corporation (Laitram) and Intralox, Inc., a wholly-owned subsidiary of Laitram, brought suit on four patents against the defendant, Cambridge Wire Cloth Company (Cambridge). The plaintiff corporations are the owners or assignees of the patents in suit. Specifically, the patents are, first, U.S. Patent 3,870,141, issued to Lapeyre and Lapeyre, assigned to The Laitram Corporation, issue date March 11, 1975. The second patent in suit is U.S. Patent Reissue 30,341, issued to James M. Lapeyre, assigned to The Laitram Corporation, issue date July 22, 1980. The third patent is U.S. Patent 4,051,949, invented by Lapeyre, assigned to The Laitram Corporation, issue date October 4, 1977. The fourth patent is U.S. patent 4,159,763 issued to Kewley & Demarest, and assigned to The Laitram Corporation, issue date July 3, 1979. Three of the patents, that is, '141, '949 and '763 relate to modules for the construction of modules and of modular conveyor belts useful for the han-

dling of materials and other industrial applications. The fourth patent, the '341 reissue patent, pertains to a sprocket drive wheel fitted to a square shaft, adapted to the purpose of driving conveyor belts, especially those made up of modules such as those embodied in the '141 and '949 and '763 patents. The defendant claims, first, that there is no literal infringement an no infringement by the doctrine of equivalents as to all the patents, with the exception of reissue '341. The defendant also claims as to all the patents that they are invalid, as having been improperly issued in light of prior art that rendered these inventions obvious or that anticipated these inventions. The defendant also claims that, with regard to the patent '763, claim 8 thereof is invalid under section 112 of Title 35 for lack of specificity. The defendant has also counterclaimed, raising three counterclaims. The first two are basically seeking declaratory judgments of invalidity as to the patents in suit. The third is that this is sham litigation and, therefore, that the defendant is entitled to judgment in its favor on the three counterclaims. Additionally, the defendant has set up, with regard to the '141 patent, a claim of inequitable conduct, as recognized in such cases as *J.P. Stevens v. Lex-Tex*, 747 F.2d 1553 (Fed. Cir. 1984).

This case came on for trial before me for nine days in February and March of 1985, on consent of the parties pursuant to 28 U.S.C. § 636(c), as amended. Evidence was taken in the form of testimony, expert and otherwise, and somewhere in the neighborhood of 300 exhibits, including physical exhibits, charts, diagrams, patents, and correspondence, as well as miscellaneous demonstrative evidence, were introduced into the record. This opinion rendered at the close of the trial contains my findings of fact and conclusions of law, whether specifically so denominated or not. FED. R. CIV. P.—52(a).

The background of this case starts with the story of Mr. J. M. Lapeyre, Sr. Mr. Lapeyre is an architect by education. He is a designer of machinery and equipment

by trade and experience. He is also as close as you can get to being a professional inventor in terms of having had hundreds of patents issued to him, ranging from the first commercially successful shrimp peeling and deveining devices to devices that are designed to capture and store the mechanical energy of ocean waves and turn them into electrical energy. Even the defendant's patent counsel, Mr. Brinkman, has characterized Mr. Lapeyre in correspondence as a "prolific patentee," and the evidence bears that out. One of the principal inventions of Mr. Lapeyre is, as mentioned, the commercial shrimp peeling machine which is manufactured by The Laitram Corporation under patents issued to Lapeyre and others. The shrimp peelers are installed in seafood processing and canning plants all over the United States and other parts of the world. One of the operating problems of the shrimp peeling machines is that they must handle a difficult product, that is, one that is laden down with seawater, ice, and also, as anybody who has handled shrimp knows, they tend to be rather slimy. I don't mean that in a derogatory fashion, but they do exude certain kinds of oils and fats that make them difficult to handle. Additionally, they range in size from tiny to huge, and this makes the design and operation of the machine somewhat difficult.

One of the difficulties in operation that Mr. Lapeyre had observed over a period of time was that the conveyor belts that carried the shrimp from the water-filled loading port to the part of the machine where they are actually peeled, sometimes passing through a cooking chamber, had typically been made of a wire mesh or some other metal construction. Whether this wire mesh was galvanized or not, there were certain problems that were experienced with it, namely, corrosion from sea water and from fatty acids from the shrimp, and other incidents of hard use that you would associate with a seafood processing plant. This necessitated frequent replacement and maintenance on the belts in certain installations. Additionally, there was

a problem sometimes with the very small shrimp falling through the mesh of the wire belts, and this also came to Mr. Lapeyre's attention. Having perceived this problem, Mr. Lapeyre decided that there ought to be a better way to do things when it came to manufacturing a belt, especially handling these small shrimp. Because the only available corrosion-free alternative to ordinary metal was stainless steel, which is prohibitively expensive, Mr. Lapeyre thought that the corrosion resistance of plastic offered a solution to the problem he perceived. Therefore, over a period of time, in the late 1960's and into the early part of 1970, together with his uncle, Mr. Fernand Lapeyre, also a principal in The Laitram Company, Mr. Lapeyre conceived the idea for what eventually was embodied in the '141 patent, that is, a plastic conveyor belt of modular construction using an integrally formed plastic module with a plurality of link-ends on either side, joined by a connecting means that could be assembled together into a conveyor belt. I am here paraphrasing the claims of patent '141 for purposes of general description, at this junction of the opinion. The device that Mr. Lapeyre invented eventually became embodied, as I have said, in patent '141, and it was commercially introduced by a subsidiary of Laitram called The Intralox Company (Intralox), the name deriving from the interlocking method of joining the modules to form the belt. Intralox has ever since marketed the belt and driving mechanisms and various variants of the belt that had also been invented and patented by Mr.Lapeyre, and here I am referring to the raised rib version, which is embodied in '949 and the flexible variant, that is referred to as the Kewley-Demarest variant (that Mr. Lapeyre himself did not invent, but that was invented by several mechanics of Laitram or Intralox) later embodied in patent '763. These, as I have said, were marketed by Intralox, and the evidence satisfies me by a preponderance that they did achieve commercial success. That is, there was a market for plastic belting that had

theretofore been effectively untapped. Even though there had been so-called table-top belting manufactured, I believe, by Rexnord and perhaps some belting of foreign manufacture, also plastic, on the market, there was nothing on the market in the 1970's that did what Intralox belting did as well as it did when it was introduced commercially.

The commercial success of Intralox (even though that commercial success might not have been reflected immediately by profitability of the company as a whole), nonetheless came to the attention of Cambridge, which has been in business in Cambridge, Maryland for approximately 50 years, manufacturing flat wire and woven wire belts. In fact, Cambridge had been a supplier of Laitram in its (meaning Laitram's) manufacture of original equipment for the shrimp-peeling industry. Whether the impetus came from viewing the Intralox product or another kind of plastic belt, Cambridge decided that they ought to get into the plastic belt business and that there was in fact a market there that they could tap. This is embodied in a memorandum that was introduced as Pl.'s Ex. 97, identifying a market for plastic belting and setting forth a marketing strategy for Cambridge to develop a product to come into this market. In that memorandum, Intralox was discussed, and among other things, it was noted that Intralox was the major market force at the time in the plastic belting industry. Eventually, and within a relatively short period of time after Cambridge had made the decision to look into marketing plastic belting, there was an attempt to form a joint venture between Intralox/Laitram and Cambridge, in which Cambridge was basically to acquire the Intralox business, by paying in exchange therefor a certain amount of cash and also paying a royalty to the patentees in a certain amount. I believe that the price that was being discussed ranged from between a million or so to a million and a half, and the royalty between 7 and 10 per cent. I say that the prices and royalties "ranged," because there

never was a conclusion to the negotiations between Laitram and Cambridge that culminated in any kind of joint venture or other agreement. That is, each party simply went its own way, apparently because the asking price by Laitram was too high for Cambridge under Cambridge's then-existing evaluation of the worth of the product and business. *See* Pl.'s Ex. 11 and other related documents for the course of negotiations between Cambridge and Laitram.

When the negotiations eventually proved fruitless, Cambridge decided (if I can have some poetic license), "If you can't join 'em, beat 'em." In other words, it was decided that Cambridge would manufacture and market its own modular plastic belting. Cambridge did not then have the in-house expertise with plastics (despite having a large staff of engineers, both degreed and practically trained) to design or develop concepts, tooling or drawings, or take other preparatory steps toward the manufacture of modular plastic belting. Therefore, Cambridge hired the independent and well-known engineering and consulting firm of Arthur D. Little, Inc. of Cambridge, Massachusetts, to develop a modular plastic belt that Cambridge could bring on the market. There is no question in my mind that Cambridge had it in mind that the Intralox products were successful commercial products, at the time Cambridge went to Arthur D. Little (ADL). In fact, evidentiary of that is Pl.'s Ex. 15, the letter from Mr. Pink to Mr. Brinkman, stating that the goal in going to ADL was to come up with a product that combined the best features of the Intralox products, specifically (in fact the letter gives the numbers of patents) those embodied in patents '141, '949 and '763. In fact, an excerpt from this letter dated June 6, 1980 reads: "We are primarily interested in features similar to Laitram patents ['141, '949, and '763]. We would hope to incorporate the best of all of these in a single design. As you know however, this may not be possible." There is some question which I will dis-

cuss later on as to whether the concluding part of that quotation, *i.e.* that it "may not be possible" relates to possibility in the legal sense taking into account patent infringement, or possibility in the technical sense of putting together the features of the '141, '949, and '763 patents into a single product.

At any rate, ADL proceeded to work on designing the product desired by Cambridge. In the course of this, many designs were tried out and discarded as you can see for example, the minutes of the meeting of January, 1981 showing a great number of tentative designs. (Pl.'s Ex. 103). Between early 1981 and the summer of 1982, ADL came up with a design that eventually was set up into soft tooling and then debugged, and the plastic modular belt was announced in August of 1982, at least in-house at Cambridge, as being finalized in design and about ready to come on the market. *See* Pl.'s Ex. 21, which is the in-house announcement of the finalization of the design of the ADL product. This eventually came to be known as the Cam-Clean modular belt, and it is the accused product in this case. The Cam-Clean product was marketed in early 1983. There is some question as to just when it came on the market, but it was definitely on the market as early as February of 1983.

Both the plaintiff's belts and the Cam-Clean belts have been commercially successful. Intralox is a much smaller corporation in terms of sales force than is Cambridge, and also in terms of general marketing skill and entrenchment in the market. In fact, the relative marketing strengths of Intralox and Cambridge were what really motivated the aborted attempt at a joint venture. In any event, Cambridge has aggressively marketed the Cam-Clean belt and they have been successful in selling that belt not only generally but also to OEM's, distributors, and direct customers who previously were supply by Intralox, and they have bid head-on-head with Intralox for a number of jobs which Intralox eventually lost to Cambridge. Now it may

be that the Cambridge belt with the camming action that it has in the triangular formation of the holes in the link ends is in some ways superior to the Laitram/Intralox model, and in particular, in its ability to have the pivot rod cleaned by a stream of water or steam under pressure. Nonetheless, it is well settled in patent law that the question of infringement is to be determined on the basis of whether the device infringes the patent literally or by the doctrine of equivalents, regardless of whether the accused device also embodies some improvement over what has been patented by the plaintiff. So long as it embodies what is patented, the addition of more features or the making of a better product in terms of result and functional performance is not relevant to the question of infringement.

As I have indicated, both the Intralox product and the Cam-Clean product have achieved wide acceptance, particularly the raised-rib version of the Intralox, that is, the '949 patent, which competes directly with Cam-Clean in the market for plastic modular belts that can transfer unwieldy and fragile items, such as bottles and cans and jars, from the belt to a transfer comb without tippage. I do find as a fact that there was a felt need in the market place for a belt that could transfer unwieldy and fragile items at either slow or high speed without tippage, and that both the Cam-Clean and the Intralox raised-rib are capable of fulfilling that need. The major commercial applications of both belts are in the food processing industry, where the gravity loads on the belts are not high, but where there is a need for a stable transfer platform and a smooth planar surface for engagement with the transfer means. For example, bottling plants and other plants where food is put into packages that have to be handled, accumulated, palletized, or otherwise dealt with along a moving line, are typical applications of both the plaintiff's products and the Cam-Clean. I should also state that both the '763 Kewley-Demarest Intralox product and the Cam-Clean are USDA approved for use in the sanitary areas of food proc-

essing plants where biological contamination by blood and body fluids in recesses and crevices of the belts is a matter of health and safety concern by the United States Department of Agriculture. Therefore, there is direct competition of the products in that significant market as well.

At trial the witnesses who testified and whose testimony was of primary interest to the Court included a number of experts. In particular, the expert witness for the plaintiff was Mr. J. M. Lapeyre, Sr., who, as I have indicated, is a prolific patentee and an experienced designer of machinery and mechanical devices in general. He is a graduate in architecture, having, like the Court, been unable to fathom the intricacies of the calculus well enough to be an engineer. Nonetheless, he is an experienced designer of machinery, despite his lack of a formal degree in mechanical engineering. The experts who testified for the defendant included Commissioner C. Marshall Dann, who was Commissioner of Patents in the Carter Administration. Mr. Dann is a patent lawyer of broad education and experience and he was certainly a well-qualified expert witness in the field of patent law. The technical experts who testified for the defendant were two in number, both of whom are or were associated with Cambridge. Mr. Andrews is a graduate engineer who was Cambridge's chief of design and engineering from the 1950's until 1970, when he went off on his own to a consulting business dealing primarily with wetlands preservation and reclamation. Mr. Andrews was recognized by the court as an expert engineer in terms of education, training, and experience. The other technical expert who testified was Mr. Peter Bailey, who is currently vice president of engineering for Cambridge. Mr. Bailey is not a degreed engineer. He did have some courses in the engineering curriculum at Johns Hopkins, but he never completed a degree in engineering. After an extended college career, he eventually graduated from Johns Hopkins, but with a degree in business and industrial management, that is, a bachelor's degree in lib-

eral arts, with a concentration in business and industrial management. However, the court recognized Mr. Bailey as an expert in the field of engineering by virtue of his experience in a hands-on and in a management capacity with Cambridge. *See* FED. R. EVID. 702. In accordance with the rule in *Graham v. John Deere*, 383 U.S. 1 (1966), I must determine in this case what the level of ordinary skill in the art was, and I find that the level of ordinary skill in the art was that of an experienced mechanical designer, such as Mr. Lapeyre, whether or not that person had a formal degree in mechanical engineering. This is as of all the times relevant to this lawsuit.

Now, turning to the substantive issues in suit, I will state first the legal principles that govern. Under the patent code (35 U.S.C. § 282), a patent granted by the Commissioner of Patents has a statutory presumption of validity. He who would challenge the validity of the patent must come forward and satisfy a burden of proving it invalid by clear and convincing evidence. There is some question as to, when you get into the realm of obviousness and anticipation, the weight to be accorded to prior art patents that were before the Patent Office, which are generally entitled to less weight as opposed to those that are relevant, but nonetheless were not before the Patent Office, which are generally entitled to more weight. But that is a matter, in my judgment, of weight of the evidence. It does not alter the statutory presumption, nor does it alter the rule that the presumption must be overcome (if at all) by clear and convincing evidence. As a further matter of law with regard to validity, the basic notion of proving a patent invalid generally rests on the proposition that the Patent Office made a mistake when it was issued. That is, that the invention does not have the requisite degree of novelty or is obvious or was anticipated by another patent that has already been in the public domain, or was anticipated or rendered obvious by a prior publication or prior use of the invention in the public domain;

in other words, it was disclosed. The patent laws protect inventiveness, and inventiveness does not come about when one simply practices the ordinary skills that one has acquired in a particular trade or art. Rather, there has to be some advance in the trade or art that is not obvious or anticipated by what has gone before it. With regard to the notion of anticipation, my conclusion of law with regard to anticipation is that in order to be anticipatory, a cited piece of prior art must show all the elements of the patent in suit (or the claim in suit at least) in the same situation and united in the same way to perform an identical function. *See, e.g., W. L. Gore v. Garlock*, 721 F.2d 1540, 1554 (Fed. Cir. 1983) and a number of other cases on the issue of anticipation. I would also cite 35 U.S.C. § 102(b), as the statutory reference, and for additional case law support, *e.g., Schroeder v. Owens-Corning Fiberglass*, 514 F.2d 901, 903-04 (9th Cir. 1975).

With regard to obviousness, an invention is not patentable if, considering the scope and content of the prior art, the differences between the prior art and the patent in suit, and the level of ordinary skill in the art, it would have been obvious to one ordinarily skilled in the art. That is stated in *Graham v. John Deere* (which is the *Marbury v. Madison* of obviousness), 383 U.S. at 1. Additionally, *Graham v. John Deere* teaches that there are other concerns which used to be called secondary concerns, but which under recent case law are no longer secondary, but are to be considered by the court in every case, that indicate that a particular invention was not obvious from the prior art. These concerns include a felt need in the industry and the commercial success of the patented product. As I said, these are matters to be considered in every case in which obviousness is claimed. I also would state that recent case law indicates that the Court of Appeals for the Federal Circuit is applying a test for obviousness that does not merely call into account hindsight. The question is whether the prior art, considering its scope and

content and the level of ordinary skill, must itself *suggest* the *combination* of separate elements into the claimed invention in suit, not just whether it illustrates separate elements. You can see, for example, *Fromson v. Advance Offset Plate, Inc.*, No. 84-1542 (Fed. Cir. Feb. 21, 1985), slip op. at 15. To illustrate this notion, you cannot claim that the existence of a unicorn should be obvious from taking a trip to the zoo and seeking a horse and a white rhinoceros in adjacent cages. It takes a spark of inventiveness to look at a horse and then look at a white rhinoceros and then conceive the idea of a white horse with a horn. There is a claim asserted in this case, only with regard to patent '141, that it is invalid in its entirety because of inequitable conduct (failure to cite prior art) practiced on the Patent Office by Mr. Schiller, the attorney who obtained the patent for Mr. Lapeyre. It requires under the case law clear and convincing evidence of inequitable conduct before the court can invalidate the patent on that ground. Inequitable conduct is a cousin-german to fraud, but it does not require the same kind of quantum of proof of malevolent intent or conduct as fraud. Nonetheless, it still requires, as I have said, clear and convincing evidence in order to sustain it as a defense. There is a sliding scale of materiality of the omitted prior art and intent to deceive that the Court must take into account when it decides whether the omission of a particular piece of prior art amounted to inequitable conduct. *See, e.g., J. P. Stevens v. Lex-Tex*, 747 F.2d 1553 (Fed. Cir. 1984). There is some question as to whether gross negligence of a patentee or his attorney in failing to submit prior art to the Patent Office can amount to inequitable conduct. However, looking over the authorities, in particular, the *Gemveto* case that was cited by defense counsel as practically on point with this one (*Gemveto Jewelry Co., Inc. v. Lambert Bros., Inc.* 542 F. Supp. 933, 943-44 (S.D. N.Y. 1982)), one finds that there certainly *can* be inferential proof or circumstantial proof of the existence of the fraudulent intent

required under the inequitable conduct doctrine. But, the *Gemveto* court does not go so far as to say that gross negligence can supply the requisite intent. The Court says that where the prior art's relevance is so clear as to be unquestionable, the Court can and must infer the existence of fraudulent intent or, at the very least, gross and reckless misconduct. 542 F. Supp. at 944. Therefore, even though gross negligence must be shown, and at all times the burden is on the defendant to show an intent to deceive. As is generally the case, an intent to deceive is difficult to prove by direct evidence; it must usually be proved circumstantially. Nonetheless, the burden is on the defendant.

Other conclusions of law that are relevant to the case are as follows. Literal infringement means that the accused device reads word for word against the claims of the invention. *See, e.g., Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605 (1950). If the accused device literally infringes the patent, then the question of infringement is settled without any need to go into the question of equivalents. If there is no literal infringement, however,the inquiry is not at an end. The Court must then determine whether the accused device infringes under the doctrine of equivalents and that requires the Court to decide whether the accused device performs substantially the same function in substantially the same manner by substantially the same means to achieve substantially the same result as the patented device. In determining the range of equivalents, the Court can and must take into account the notion of file wrapper estoppel. File wrapper estoppel, or as it is also called, prosecution estoppel, means that one must construe the claim (and the patent as a whole) in light of statements that were made by the patentee during the course of obtaining the patent in order to convince the examiner to allow the patent. Frequently, the patent is not granted as prayed on the initial application, but it has to go through a distillation process during which

certain claims are rejected, usually in light of prior art. In order to convince the examiner to issue the patent, the applicant or his attorney must distinguish the prior art. In the course of distinguishing the prior art, statements may be made or arguments may be raised that narrow the scope of the grant in order to achieve distinction over prior art. This raises an estoppel against the patentee if the patentee later claims a broad range of equivalents. The effect of the estoppel is to preclude the patentee from claiming that a product infringes under a broad reading of the claim that he narrowed or abandoned during the prosecution of the patent in order to obtain it. It really is not a complicated doctrine; it is no more than a variant of the common law notion of estoppel, that is, the equitable principle that you cannot come into court asserting a position that by your conduct or words at another time you have abandoned. That is the essence of estoppel, whether it be in a patent case or any other case. However, not everything that occurs and not every word that is said during a prosecution of a patent raises an estoppel. The fundamental purpose of file wrapper estoppel is to prevent the patentee from attempting to resurrect subject matter that was surrendered during the prosecution of the patent. *Hughes Aircraft v. United States*, 717 F.2d 1351, 1362-63 (Fed. Cir. 1983). Like all equitable doctrines, the doctrine of file wrapper estoppel ought to be applied with a strong measure of common sense. Those are my conclusions of law.

Moving on to the question of individual patents, I read the other day that there is no such thing as a judgment saying that a patent is valid, only a judgment saying that it is not invalid. I think Judge Markey said that in one of the opinions I looked at the other day. In any event, for the purposes of a particular suit, it is, on the evidence presented to the court, either valid or invalid, so, therefore, the first question is the validity of patent '141. As I have already said, the patent is entitled to the statutory

presumption of validity, and the defendant must prove its invalidity by clear and convincing evidence. The defendant claims that the patent was anticipated by King, U.S. Patent 1,936,764. I find that King does not anticipate the invention in suit in '141, because King is clearly not of a modular construction. The only way you can make modules out of King is to take a strained view of the illustration, and the language of King clearly class, in my judgment, for the assembly of a series of individual links joined, by welding or peening, onto a longitudinal rod that runs transverse of the direction of travel of the conveyor belt. The basic teaching of King involves the use of individual links that are individually assembled onto one long longitudinal member and the members are then joined with pivot rods to form a belt. King does not involve modular construction at all. The fact that by modern techniques you can speed up the putting together of a belt like that shown in King (rather than using hand assembly which you probably would have had to do at the time of King) is, in my judgment, utterly immaterial to the question of anticipation. Therefore, because anticipation requires that all the elements of the patent must be shown in the same situation, united in the same way, performing the identical function, I find that King does not anticipate '141, or any of the claims in suit under '141.

With regard to obviousness of '141, I have already made findings on the level of skill: as to the commercial success of '141, it was immediately successful and has enjoyed commercial success to the extent that it certainly had some effect on Cambridge's decision to enter the plastic belt market, and it also was attractive enough to Cambridge so as to bring about an attempted joint venture, even though the joint venture did not prove permanent. There was a need for it, certainly, in the handling of corrosive materials and corrosive foodstuffs like the very shrimp that Mr. Lapeyre's machines peeled. There was also a need for it in other food handling areas where cleanliness and light

weight are important. With regard to the scope and content of the prior art, in addition to King, I do find that the prior art patents cited against '141 in the Patent Office, that is, in item 56 of patent 3,870,141 are all relevant prior art. In addition to what is cited in the patent, there is also the King patent. There is the Malard patent, which is a German patent. Those two are also prior art in this general realm. I do not find that the defendant has shown by clear and convincing evidence that this prior art, alone or in combination, itself suggested to one ordinarily skilled in the art the combination of elements that eventually resulted in '141. None of those patents, in my judgment, showed a maximization of the shear forces on the pivot rod holding the whole structure together, together with (either alone or in combination with other patents) a teaching of bricklaying belt construction, using like modules. It is true that in Malard, one of the illustrations called for or showed what looks like a randomly assembled group of what I find as a fact to be *dissimilar* links, but the practice of bricklaying, that is, a tying together of the structures by placing them in adjacent positions intermediate one another, was not taught in the language of the patent. It only could arise from the illustration of figure 9, and, even taking into account that figure, there is no clear and consistent *pattern* of bricklaying of like modules that emerges from Malard. With regard to the Wright patent, which is British patent No. 199,151, the device that is disclosed there is very much like a table top kind of device that shows a module having distinctly male and female ends. It does not show like modules that can be assembled together into a belt of any varying width. It simply shows plates with male and female ends that can be joined together with a pivot rod, and if you put that together with Malard you still don't get the idea of like modules linked together in an interlaced, bricklayed fashion as a teaching of the patents, nor is it obvious from looking at Malard's crazy-quilt arrangement of dissimilar modules that one

could in fact come up with the idea of an easily-assembled modular belt that any idiot can put together simply by opening up a box full of modules and slipping them together and putting a rod through them. The ease of assembly inherent in the '141 device is something that is not obvious from looking at Wright or Malard, nor is it obvious from looking at the prior art of U.S. patents cited against it in the Patent Office as listed in item 56 of patent '141. So, the scope and content of the prior art I have stated, the differences between the prior art and the patent I have stated, the level of skill I have ascertained, and, therefore, I find that the patent is not invalid for obviousness. I further find that the patent is not invalidated by irregular conduct. The testimony of Mr. Schiller, in which he strongly disavowed any intent to deceive the Patent Office by not sending Malard to them during the prosecution of '141, and the fact that Malard, which surfaced during the prosecution of foreign counterparts, was rejected as significant prior art by the foreign patent offices, and the fact that Mr. Schiller's testimony was, to me, candid and credible, shows that there was no intent to deceive the Patent Office. As he stated, he is in the business of getting patents that will survive an attack, and you don't do that by concealing prior art. You do that by giving the examiner as much art as he can possibly have. Not only do I find no evidence of conscious intent to deceive, I do not find any evidence of gross or wanton neglect or misconduct. I find that Mr. Schiller made a judgment as to relevance and materiality of the patent. The judgment might not have been the best one to have made in hindsight, but it falls short of the quasi-fraudulent standard that is recognized as constituting inequitable conduct. The fact that the foreign counterpart '141 applications might have claimed end-to-end reversibility, whereas that claim was not put into what eventually came out to be claim 19, while it may be some circumstantial evidence, is not a persuasive fact in my judgment, having had an

opportunity to hear credible testimony *viva voce* from Mr. Schiller. For those reasons, I find that patent '141 has not been proved invalid.

With regard to infringement of '141, I find that patent '141 is not literally infringed for reasons that I have stated previously in connection with the motion for partial summary judgment in this case, that is, as to claim 1, and as to dependent claims 2, 10, and 11. The reason I find that there is no literal infringement is because the Cam-Clean product (and the physical embodiment of it is what one has to look at to determine literal infringement) is not in fact end-to-end reversible. If one assembles a belt made up of these, on the bottom side of the belt, where the female receptacle for driving means is, one would not find a row of similar cavities to receive the sprocket tooth. Rather, one would find some narrow and some wide cavities, and the Cam-Clean is designed to be driven with a sprocket that has teeth that fit into the large or wide cavities, therefore calling for the Cam-Clean belt to be assembled so that these wide cavities line up in the direction of travel.

This does not end the inquiry, though. The inquiry must go on as to whether there is infringement by the doctrine of equivalents. With regard to the question of equivalents, in claim 1, first I would find that the accused device clearly reads on paragraph 1 of claim 1 and paragraph 2 of claim 1; there is no dispute as to reading on paragraphs 1 and 2 of claim 1, and the defendant would admit that the device literally reads on paragraphs 1 and 2 of claim 1. The question on equivalents is whether as to paragraphs 3 and 4 of claim 1, the accused device performs substantially the same function by substantially the same means in substantially the same way, or words to that effect, that is, one of substantial equivalents, essentially. The first question is with regard to end-to-end reversibility. As I have indicated, if you assemble the Cam-Clean belt in a random fashion with regard to each module as it fits with

each other, it would not be adapted any more to being driven with the Cambridge sprocket drive. However, it is still, I find as a fact, reasonably capable of being driven by a friction means, and I also find that the '141 patent does not call for any particular driving means. Thus so long as the belt is reasonably capable of being employed commercially in an end-to-end reversible fashion, it comes within the acceptable range of equivalents of the Intralox '141 patent. The '141 belt itself is being used with a friction drive by at least one customer, Green Giant. Here in court there was a model of a Cambridge belt that was driveable by friction, and I do find as a fact that friction drive is a reasonable means of driving a belt in some applications that customers may have. The fact that such an application exists is attested to by Pl.'s Ex. 47, which shows a Green Giant plant using an Intralox belt with a friction drive, and there is no reason that I can see from the evidence why the Cam-Clean belt could not be used similarly driven. Furthermore, the Cam-Clean belt could be so used when it is randomly assembled. With regard to a smaller-toothed sprocket, Cam-Clean doesn't necessarily *have* to be driven with a sprocket of Cambridge's manufacture. It could be driven with a sprocket that the customer can make himself or buy commercially on the market; even though that product might not be readily available, other commercial products are available to do it. For example, if somebody had a Laitram belt that was being driven with Laitram sprocket wheels and desired to replace it with a Cam-Clean, one could, as Mr. Lapeyre did in demonstration, readily and simply alter the Laitram sprocket drive to drive the Cam-Clean belt, even if the Cam-Clean belt is put together in a random way. Therefore, I do find infringement by equivalents as to paragraph 4 dealing with end-to-end reversibility. There is nothing in

the file wrapper that estops the plaintiff from contending that the claim should be construed in this fashion.

Now, with regard to paragraph 3 of claim 1, and I am also here, of course, including evaluation of dependent claims 2, 10, and 11, the question of equivalents involves paragraph 3, which requires a plurality of spaced apart elongated members, each integrally formed with and joining a pair of corresponding link ends of the first and second pluralities. With regard to that, I would find that although the patent illustrates the elongated members (in its figures) as not themselves having any pronounced curvatures, or zigs or zags, I find that there is nothing inherent in the word "elongated" that requires it to be read as elongated *and straight.* I do not see anything in the file wrapper that precludes construing elongated as including a zig or zag in the elongated member, and by the doctrine of equivalents, the Cam-Clean, even though its link ends are not joined by a straight elongated member, nonetheless has link ends joined by integrally formed elongated members that have generally an "L" shape or a semi-"H" shape. In fact, if one looks at figure 7 of the '141 patent, one sees that the elongated members that join the corresponding link ends in the Lapeyre '141 are not invariably straight. In fact, you couldn't get the link ends as illustrated in figure 7 of '141 parallel with each other unless there was in fact a degree of deflection or curvature in the elongated member, right where it joins up against each link end. So, therefore, I find that a curvature or a bend in the elongated member so long as the elongated member is formed as an integral part of the module, falls within the range of equivalents to '141, that is, that it performs substantially the same function, by substantially the same means, in a substantially similar way.

The other question is paragraph 4 of claim 1, which requires that the link ends must be dimensioned and spaced apart by a distance slightly greater than the width of a link end, so that the module is end-to-end reversible, so

that plurality of said modules may be engaged with each other at said link ends. Now, when you come to that particular claim, there are two *so thats*. It would seem that so long as the module is end-to-end reversible in practice, you would satisfy the claim as long as there is space enough to insert the link ends of one module into an interlocking relationship with the link ends of another. However, because of file wrapper estoppel, I can't read the claim that broadly. By file wrapper estoppel, I've got to read that claim and also the similar claim in claim 19 as calling for a device that maximizes the shear loads on the rod and minimizes the bending loads on the rod. This was something that was clearly raised during the prosecution of the patent to distinguish it from other art. I do find as a fact that when you measure the space between the link ends of the Cam-Clean, they are in fact spaced apart by a distance slightly greater than their width at their widest part. In measuring width of interlocking pieces, you obviously have to measure the width of interlocking pieces at the widest part. If they were not spaced apart by *some* distance greater than their width, they wouldn't fit together and interlock. There obviously has to be some space, and the only question is whether it is slightly greater than the width of the link end or not in the accused product. Here the testimony is somewhat equivocal; it's not all of one species. Mr. Lapeyre says that the spacing is slightly greater than the width; the other testimony, especially from Mr. Bailey, is that it is not. The numbers that you get vary when you measure as against the shaded-in photograph that Mr. Lapeyre used and the mechanical drawing by ADL on the one hand, and when you measure it as Mr. Lapeyre and Mr. Bailey both did as against the actual product, on the other hand. I think it's the actual product that one has to look to in making this determination, in accordance with the conclusions of law I have already stated. Nonetheless, the question here is really one of practicality, that is, is the spacing slighly greater in

practice, and here I find that the spacing *is* slightly greater in practice, especially when construed in light of the physical function of the link ends. When forces are applied to the belt in the direction of travel, the forces are transmitted to the rod at the places where the link ends bear against the rod. These forces have both bending and shearing aspects vis-a-vis the rod. Mr. Lapeyre's patent teaches that you keep the space that exposes the rod to bending forces to a minimum because of the common sense principle that the closer the forces across a member are to being in pure shear, the less likely the member is to deform. If it does anything at all, it will just break and not bend and deform. In belts, you want to keep a certain pitch under tension, so you are interested in not having bending of the pivot rods. If, you are interested in having them do anything, it is just to break outright under and excessive load. Mr. Lapeyre, during the prosecution of his claim, clearly taught that it is desirable to minimize bending and maximize shear. However, he did not teach and the rod has to be in *pure* shear, and in fact in the embodiment of the invention shown in figure 8 (there is also an explanation in the text of the specification), there is more susceptibility to bending than in other embodiments of the invention. The point is to minimize the bending forces.

Now, in the accused device, it is true that the planar or surfaces of the link ends do not fit snug up against one another. It's also true, as demonstrated by the ocular proof (to borrow from *Othello*) at Df.'s Ex. 151, that the rod can be made to bend under certain experimental conditions. However, the experimental results there do not detract from my finding that the plaintiff has proved by a preponderance of the evidence that there is infringement by equivalents. The reason that, in my judgment, the result of the experiment as embodied in the photographs does not detract from the proof of infringement by equivalents is that, in the test, the belt was subjected to forces way

beyond the normal range of forces that would be applied in a working situation. There is nothing in Mr. Lapeyre's patent, even when considering file wrapper estoppel, that claims that the rod is immune to bending in his invention under extraordinary conditions. Furthermore, the rod in the experiment was not capped as it would have been in real life. Thus, it could have stretched, facilitating bending. It stands to reason that something is more likely to shear when its bending is inhibited by the prevention of stretching. The more it's apt to stretch, the more it's apt to bend, rather than shear. If the experiment had been conducted on an assembled set of modules where the rod was not free to bend and stretch, then it could have illustrated that the shear overcame the bending, and the rod would have sheared when the extraordinary force was applied to it. In any event, looking at Pl.'s Ex. 46, which I find to be a reasonably accurate diagram of what's happening with the spacing of the link ends at their widest points, if you draw lines tangent to the widest points of adjacent link ends in the assembled Cam-Clean product, that is, tangent to the widest points and parallel to the direction of travel, you see that those lines come very, very close together, which means that the shear forces that would be applied to the pivot rods in the assembled Cam-Clean are very, very close to each other in terms of a plane. They almost are precisely in planar alignment with each other. There is some difference between '141 and Cam-Clean in the thousandths of an inch range, but nonetheless it still translates into more shear than bending in the Cam-Clean, and *by far* more shear than bending, even though the Cam-Clean is not immune to rod bending under the test conditions. Under these circumstances, I find infringement by equivalents of claim 1.

With regard to claim 19, there is no claim of literal infringement. The claim of equivalents is resisted on several grounds. One is the question of substantially in contact in paragraph 2 of claim 19, and whether the link ends of

each module are substantially in contact with link ends of an adjacent module. Here, with regard to that, I would find that there is infringement by equivalents because there is no requirement in the patent that the link ends of each and every module must be in substantial contact with each and every link end of the adjacent module. The substantiality of contact is achieved in substantially the same way and produces substantially the same result, that is, a non-sloppy belt in terms of flexion transverse to the direction of travel, accomplished by the use of spacers (or nibs or little dogs or some other means of maintaining some minimal contact between link ends). Clearly, in Cam-Clean as assembled, there is physical contact between link ends that satisfies me under the doctrine of equivalents as being substantial contact, at least enough substantial contact so as to prevent relative motion by the engagement of engaged link ends. As I say, there is no requirement that I see in claim 19 that every link end has to be engaged with *every* other link end. This is simply a matter of design choice, and so long as shear prevails over bending in the assembled product and the assembled product is put together in a bricklayed fashion, there is infringement by equivalents.

The major question that's raised in this regard is one of file wrapper estoppel, that is, whether the statement in R.117 of the prosecution history of '141 distinguishing this patent from Stanius raises an estoppel that precludes the plaintiff from claiming equivalents where not every single link end is substantially in contact with every other single link end. However, applying the doctrine of file wrapper estoppel, it is clear to me that the statement that was made at R.117 was made to distinguish this device from Stanius, where there is no interlocking at all with regard to two of the belt leaves; they simply come together and butt up against each other laterally in Stanius, without any interlocking of adjacent modules. I do not think it would be equitable or appropriate to read that one state-

ment in R.117 that was made to distinguish this claim from Stanius so as to preclude the plaintiff from claiming infringement by equivalents where, for example, every other link end was in substantial contact, or, that same effect is obtained, as here with Cam-Clean, by the use of projections on certain link ends that maintain substantiality of contact with other link ends. The point is, there has to be substantial contact in some link ends (within manufacturing tolerances) so as to prevent lateral slop in the belt. And that is the result achieved under claim 19 of Lapeyre '141, and it is also the result achieved by the manufacturing means chosen in the accused product. That is my finding on equivalents as to '141, claim 1 and claims dependent thereon. As to claim 19 of '141, paragraph 1 reads right on the accused device. Paragraph 2 on the substantially in contact with, I have already discussed under the doctrine of equivalents. Paragraph 3 of claim 19 reads right on the accused device, and, as to paragraph 4 of claim 19, there is infringement by equivalents because, clearly, the engagement of engaged link ends prevents relative lateral movement of the accused device's modules, just as paragraph 19 of claim '141 describes and since there is infringement by equivalents of claim 19, claims 20 and 21 also would be so infringed.

Moving on to reissue patent '341, validity is challenged here. I find that '341 (and that is the sprocket mechanism) is not anticipated in any single reference. However, it is hotly contested that it is obvious under prior art references, particularly Claghorn, Comstock, and Cremona when viewed together with the principal of mechanics that calls for using a square shaft in certain gearing applications. The essence of patent '341 is the need to maintain a positive drive relationship between the sprocket and the belt while taking into account the lateral expansion in the belt caused by fluctuations in temperature when the belt is put to applications where the product is conveyed from hot to cold or cold to hot areas. This was a problem in practice

for Mr. Lapeyre which he satisfied by coming up with the idea embodied in '341, that is, fixing the central drive sprocket and allowing the other two or more lateral drive sprockets to float. Additionally, to avoid the problem of loss of a key or shearing of a key (I take judicial notice that keyed devices are frequently subject to having the key sheared and thus losing the drive connection) he came up with the idea of making the shaft on which the sprockets are mounted square. I do find that it was a known principle at the time this invention was made that a square shaft could be substituted for a keyed round shaft. However, none of them showed a combination of one fixed and several free floating sprockets, whether mounted on a keyed round shaft or on a square shaft. There is prior art and, here again, the scope of the prior art is, of course, that cited by the Patent Office in item 56 of reissue 30,341 and in addition to that, the foreign Cremona patent and other patents that have been cited during trial. In any event, the prior art that is claimed to make this obvious in light of the mechanical design practice of using square shafts in gearing applications, that prior art is primarily Claghorn and Comstock. The preferred teaching of Claghorn, besides using end rollers to maintain belt alignment, was to use sleeves to maintain positive spacing, and the float that was envisioned in Claghorn was only minimal and not any kind of float that was of the nature that one would experience with the relatively expandable plastic medium that is used in plastic belts, but, rather, small variations due to the weave of metal belts that Claghorn was intended to go with. Comstock really was, in my judgment, although you can call it a conveying mechanism, directed towards something entirely different. That is, the need for tensioning an inked ribbon in a high speed printer, and, again, it called for really a fixed distance to be maintained between sprockets by means of tensioning off one against the other with a spring, through the medium of the ribbon. Really, it was a device that was intended to maintain a

fixed distance rather than to allow floating as taught in the '341 reissue patent. In the Cremona patent, a German patent, although there was some small degree of lateral movement allowed in the sprockets T-1 and T-2, nonetheless, they had means for maintaining a fixed alignment, that is, springs that were working in tension against each other. Therefore, the notion of the free float of several sprockets, while fixing one central sprocket to maintain positive drive is not disclosed in any of the patents. So, I find that the use of one fixed and severally completely floating unrestrained sprockets was not obvious from the prior art. Furthermore, applying the test of obviousness, that is, that something in the prior art must itself suggest the combination of all the ingredients of the patent, I do not find anything in Comstock, Cremona, Claghorn and the prior art cited by the Patent Office that suggests putting together that "one fixed and several free floating" arrangement, together with a non-round shaft. Variations on the non-round shaft have been around for years in one application or another. In fact, I've got an old corn planter at home, an International Harvester corn planter, that I think uses one of the patents that was cited here, the British Deering patent, that has a non-round shaft in it for certain kinds of drive applications. So that certainly has been around but the fact that it has been around, doesn't mean that the inspiration to use it in this particular application was a matter of obviousness. There is an old Latin saying *ex nihil ninilo fit*, you don't make something out of nothing. I've forgotten just what the literal translation of it is, but anyway, that is the maxim that is applicable, and Judge Markey has recognized that. He has got a footnote in one of his cases that says only God proceeds from no previously known elements. Everything proceeds from some known elements. So, therefore, for the reasons that I have stated, patent '341 is not anticipated or obvious. There was some evidence that Mr. Andrews had previously (before 1970) adopted a similar

solution to problems arising from temperature variation in a metal belt, but I do not find that that is sufficiently clear and convincing to show prior public use of the idea. It is not documented anywhere. There is no way that it would have come to anybody's attention. It is probative of obviousness, but it does not, in my judgment, meet the test for overcoming the presumption of validity. With regard to infringement of the '341 patent, it is not contested. The sprocket as manufactured by Cambridge and as taught in their engineering devices, has one fixed and several free floating, it's on a square shaft and it clearly, literally infringes.

With regard to patent '949, which is the raised rib, I find that '949 is not anticipated in any single reference. I also find that it is not obvious in light of the moveable stair patents of Fox and Risler, which are the main patents that have been cited against it in this Court. In considering the scope of the prior art, I have also considered the patents cited against it in the patent prosecution, as recited in item 56 of the patent, and in particular, the Lapeyre '141 and Poerink patents. As to the Lapeyre '141 patent, I do not find from the earlier Lapeyre that one would look at that flat surface there disclosed and it would then be obvious to one ordinarily skilled in the art to stick veins on it, to stagger them, and figure out a way easily to transfer items from one belt or surface to another, so I don't think there is any obviousness arising from Lapeyre '141. It certainly doesn't anticipate '949, and I don't think that '949 is obvious in light of Lapeyre '141. Whether you take Lapeyre '141 alone or in combination with Fox and/or Risler, or you take Fox alone or in combination with the other, or Risler alone or in combination with the others, Fox and Risler are moving stairs; they are not devices for the transfer of inanimate objects. They convey people, but people are ambulatory. People step off a moving stair at some point, so the idea of smooth, non-tipping transfer of inanimate objects is simply not pertinent. You try to

make an escalator so that it doesn't make somebody stumble getting off, but nonetheless it's within the common experience of mankind that unless you step lively off an escalator, you'll wind up falling on your face. In fact, it's also within the common knowledge of mankind that there are people to this day who will not get on an escalator because they are afraid of falling on their face. Clearly, elderly people and the disabled can't use them; they have to use elevators, as an alternative, as you know if you've ever been in the Metro or railroad station, or any place like that. If the escalator had a smooth transfer or the moving walk had a smooth transfer device, then it could be used by people who were elderly or disabled, or whatever, and not able to ambulate well under their own power. In any event, it is a horse of a completely different color. As has been pointed out by Mr.Lapeyre himself—he is not a man that I would call aged, but he's been around a while—he said his mother took him into department stores that had escalators when he was a little boy. Escalators have been around a long time and they have always, I think it's also a matter of common knowledge, had some kind of mating comb at the top of them to keep little boys from throwing things in them that would gum up the works. It's basically a device to filter out trash, so that it doesn't stop the machine. Frankly, I think that in this case there was the necessary spark of inventiveness to take the '949 patent out of the realm of obviousness when viewed against prior escalator art. Even though there was in the prior art some indication of staggering of veins to get a smooth fit, you would notice that those veins are staggered, but they also have with them matching curved surfaces which are intended to produce a seamless planar surface; nonetheless, they do it in a way that is completely different from what Mr. Lapeyre teaches in the '949 patent, in my judgment. When it comes to the Fox and Risler, I also find that they are not modular in construction, and '949 clearly calls for modular. So, to find a combination

of elements that are the inventive essence of '949, which is modular construction, channels in a transfer device together with staggered arrangement of ribs so as to get a smooth planar surface, with a multiplicity of channels and a transfer device built in, that, in my judgment, has the necessary degree of inventiveness so as to take it out of the realm of obviousness and, considering all the factors in *Graham v. John Deere* and also *Fromson*, and considering especially as to the raised rib patent, the commercial success of it, and the industry need as evidenced by the Ashworth advertising brochure, I would find that '949 is not obvious, not invalid, and it has not been proved so by clear and convincing evidence.

The questions on '949 as to infringement, the first question is literal infringement. This is as to claims 21, 22, and 24, which are the claims asserted against this one. As to paragraph 1 of claim 21, the accused device reads right on it. As to paragraph 2 of claim 21, the accused device reads right on it; there is no argument as to those two paragraphs. As to paragraph 3, the accused device also reads right on it. There is no question about that.

There is a question, though, about paragraph 4, whether the link ends are dimensioned and spaced apart by a distance slightly greater than their width on the accused device. For reasons I have already stated in connection with '141, I find that in the Cam-Clean, the link ends are spaced apart by a distance slightly greater than their width, and as to paragraph 5 of claim 21, the accused device reads right on it. As to paragraph 6 of claim 21, the accused device thus reads right on it without any dispute. As to paragraph 7, paragraph 7 calls for veins that form a multiplicity of channels that are adapted to receive the teeth of a transfer comb. There is no question that the accused device reads right on that.

The only question is whether the elongated veins of the module of the accused device are staggered in relation to

the veins of adjacent modules. There has been considerable discussion of that particular item, and I find taking the patent as a whole, and there certainly is nothing in the patent that militates against this construction, that the patent does not call for staggering in the direction of travel; it simply calls for staggering of veins of one module with relation to that of another. In the accused device, when viewed transversely to the direction of travel, that is, along the axis of the pivot rod, there is no question about the fact that the veins of one module are staggered with relationship to the veins of another module. Therefore, I find literal infringement of claims 21, 22, and 24; 22 and 24 being dependent claims of patent '949. On the question of equivalents, if I were to go on to address the question of equivalents, there is no question in my mind at all that the raised rib Laitram and the Cam-Clean are equivalent. The Cam-Clean performs substantially the same function by substantially the same means, in a substantially identical way and manner. It presents a planar, or smooth surface in the direction of travel which with a multiplicity of channels; it's a seamless plane, that is, viewed transverse to the direction of travel, it presents a seamless plane that prevents the tippage of unstable items, and there is a multiplicity of channels into which the transfer comb or other transfer device can fit. That transfer device can be set precisely at the level of the planar or surface of the belt or slightly below it, whichever is better for handling the particular product, thus giving a very smooth transfer surface. The testimony of Mr. Garicke of the Seven Keys preserving plant was to the effect that the Laitram product is successful in that regard, and that in fact the concept works. The concept of channels with combs and veins that are staggered so as to present a transversely seamless surface is identical as between Laitram '949 and Cam-Clean.

Going on to patent '763, I find that '763 is not anticipated in any single reference. The question of obvious-

ness of '763 is perhaps the most difficult of all the obviousness problems in this case. Bearing in mind again that the defendant must prove this by clear and convincing evidence to overcome the presumption of validity, I have considered the scope of the prior art. The prior art includes the very few patents that were cited against it in the Patent Office. Only four, one of which was Lapeyre '141, were cited against it in item 56 of patent '763. There are a number of other patents, the Poerink, Harvey, Wood, and Homier patents that are relevant prior art. With regard to Poerink, Poerink, of course, does not call in my judgment, for modular construction. It calls, very much like King, for taking a bunch of bent wire loops, King had links, but this one has bent wire loops, and welding them together so you get something that sort of looks like a barbeque grille, only it's not formed in a circular way like a barbeque grille, but, anyway, that is what it looks like. It does *not* suggest a way of taking the lateral slop out of the belt when you assemble a Poerink belt. If you look at Harvey, Harvey does not show any means of exposing the pivot rod; all it shows is that you can flare or dovetail some link ends, in order to provide for sideways movement of links with respect to each other along a sinuous path. If you look at Wood, it's true that Wood has some spacing means, but Wood calls for its little nibs or dogs to be pressed by identation into the individual links, so as to form, really, a very rigid belt that does not allow for flexion in the lateral direction, as I read it, nor does it allow for exposing the rod to inspection. Poerink allows, certainly, for exposing the rod to inspection, but it does not have any means of maintaining a relatively good lateral alignment. If you look at Homier, which is Pl.'s Ex. 96, you see a spacing means, but the spacing means is simply a bending of a member. As per figure 11 of Homier, the spacing means is bending over one of the link members, which would not, in my judgment, suggest the use of the machined-in, semi-circular little dogs at the opposite ends

of the module as taught in the Kewley-Demarest '763. So, I do not find that anyone who was ordinarily skilled in the art, looking at all those together would come up with the idea of combining a modular plastic (or any modular) belt (or even a module, for that matter) that was able to be put together by assembling a series of like modules that could expose a substantial amount or all of the pivot rod for USDA inspection, which is what '763 was for, yet maintain relative lateral stability. None of them that I see, none of the prior art that I have discussed, teaches any kind of flexion or resiliency as a means of inspection. I also find that the patent is not invalid under § 112 for failure to specify resiliency in all claims. I think that claim 8 and the other claims are satisfactorily specific under § 112 of the patent code. Therefore, I find that the defendant has not shown invalidity of '763 by clear and convincing evidence sufficient to overcome the presumption of validity, nor has it been shown invalid under 35 U.S.C. § 112. With regard to the Lapeyre '141, it is not obvious. It is not obvious in light of Midlane, because Midlane had no lateral movement in it. Wood teaches covering the rod, and a nib on *each* link, as I have indicated. Whether it is obvious in terms of Lapeyre '141, that is, would it have been obvious just to shave down the links of Lapeyre '141, thereby exposing the rod, is a question. But if you shave down the '141 links, you still have the problem of maintaining relative lateral spacing so as to get a belt that is not so sloppy that it comes off a sprocket, and in my judgment there was a spark of inventiveness to come up with a spacing means that need only be placed at each end of the module, still allowing it to have completely modular construction, but allowing the belt to be shifted manually so as to expose most if not all of the rods. I find that it is not obvious in light of Lapeyre '141, either alone or in conjunction with the other patents.

Going on to infringement of '763, as to claim 1 and dependent claims 2 and 4, the first question is whether

there is literal infringement, and I find that there is literal infringement of '763. Reading the claims against the accused device, as to claim 1, paragraph 1, there is no question about it, it reads right on it. Paragraph 2 reads right on it. Paragraph 3 of claim 1, reads right on it. Paragraph 4, in my judgment, reads right on it. The link ends looking from the top of the module, you have to read the claim in terms of the purpose of exposing the rod that is stated in the claim. It says, the link ends of each module being of a width substantially less than the spacing between confronting link ends along the pivotal axis thereof to provide a substantial space between confronting link ends thereby to expose for inspection and cleaning a substantial portion of the pivot rod connecting adjacent modules. So it's calling for a small width for the purpose of exposing the pivot rod for the purpose of inspection and cleaning. The sloping link that is adopted in the Cam-Clean is very narrow at the top; thereby it exposes for inspection and cleaning a substantial amount of the pivot rod. It slopes. It's narrow at the top and it's wide at the bottom. Here, claim 1, paragraph 4, concerns itself only with exposing the rod for inspection and cleaning. From the top of Cam-Clean, a substantial amount of the rod is so exposed, which is the natural way anybody would inspect it and clean it. You don't stick your head between the top and bottom of the belt and inspect it from the bottom. Looking at it from the top, the width of the link ends in the Cam-Clean is substantially less than the spacing between confronting link ends at their widest point, so that one can look down and see exposed for inspection and cleaning a substantial portion of the pivot rod. This is the way it's designed. I also find no inconsistency between this and my earlier findings with regard to '141 and '949, that is, as to the language spaced apart by a space only slightly greater than the width of the link ends, because you obviously have to measure spacing width at the widest point of something. In terms of how far apart things are, where

they intermesh, you have to measure them at their widest point. Here, the narrowest point of Cam-Clean links is at the top where one exposes the rod for purposes of inspection and cleaning. So, the fact that it has a slope in it means that you can read Cam-Clean as against '141, certainly by equivalents, and also against '763, literally. As to paragraphs 5 and 6, they read right on the accused product.

As to paragraph 7, I also find literal infringement, because the link ends are in fact resilient. They are not as resilient as '763 in the form that each product is currently manufactured, but the Cambridge literature reveals that you can buy this thing in two different kinds of plastic. Intralox manufactures its belts in three kinds of plastic. The only embodiment of the accused device I have seen is not terribly resilient, but it *is* resilient, and you can, by manual pressure, flex link ends with respect to each other and with a tool (a screwdriver, or some other tool), you could flex them even more with regard to each other, although they are clearly not as resilient in the way they are manufactured as the examples of the K-D '763 of Intralox that have been shown here in Court. Nonetheless, there is resiliency and they can be made more resilient by a simple choice of manufacturing material. Cam-Clean modules could get very resilient, depending on what they are made of.

With regard to equivalents, I find that with regard to claim 1, there is also infringement by equivalents because Cam-Clean performs substantially the same function in substantially the same way by substantially the same means, that is, you can laterally flex, there's enough slop in the belt that you can move it without tension, and you can put tension in it so as to depend on resiliency to expose unexposed portions of the rod—not all of the rod, maybe only a percentage of the rod—but, nonetheless, it is flexible, and because of the slope you can look down on it and see a substantial portion of the rod without doing

anything. In terms of presenting a readily inspectable pivot rod, in a modular plastic belt, the Cambridge certainly does, in my judgment, infringe by equivalents, and I see nothing in the file wrapper that precludes a finding of equivalents as to claim 1 of '763. The file wrapper talks in terms of flexure, but there is nothing that I see that precludes '763 from claiming Cam-Clean as an equivalent. For example, if there were something unique about the shape of those little spacing dogs on the '763, and that had come up during prosecution history, perhaps there would be an estoppel raised as to that. With regard to claim 8, I find there is literal infringement, in my judgment, the accused device reads on claim 8. There is no question about the first paragraph. There is no question about the second paragraph. The only question about the third paragraph is the one dealing with elongated members. I have already discussed the same question of elongated members in connection with '141, and I think that there is a substantial identity here. Even though the elongated members are not straight in the Cam-Clean, nonetheless, they are elongated members, even though they do have a bend in them. The width I have already talked about, and for the same reasons I have already stated as to claim 2, I find that paragraph 5 is also literally infringed. Also, claim 8 is infringed by equivalents. Claim 8 doesn't even call for resiliency, and claim 8, as I said, the Cam-Clean does essentially the same thing, that is it is a module that has all of the factors of claim 8. Even if I were to find that paragraph 4 were not literally infringed because of the elongated member problem, I would still find that it was infringed by equivalents, because the elongated member in a semi-box or "H" configuration performs substantially the same function in substantially the same way, that is, by providing a rigid link between link ends. I would find that the dependent claims of the '141 patent and the dependent claims 2 through 4 of the '763, are also infringed for the same reasons that I have stated

in connection with the independent claims of each of those patents. Unless I have stated otherwise, the findings of infringement on the independent claims means that I have also found infringement on the dependent claims, unless there is some need to make separate findings of fact with regard to the dependent claims, which I don't think there is under the state of the record.

The remaining question is as to relief. The plaintiff is entitled to an injunction under § 283 of the patent code,and an injunction will be issued. I also find that under § 284 of the patent code the plaintiff is entitled to lost profits, which I find to have been proved with a requisite degree of certainty by the damage claim of $831,820.00 that has been established by the last page of Pl.'s Ex. 111. The lost profits proved at trial, in my judgment, really do represent lost sales opportunities that Intralox would have had, since it is limited to those who had been customers or who had been quoted jobs by Intralox in the past, with a subclass where there had been head-on-head competition between Intralox and Cambridge. So, the damages are not speculative. The preference under § 284 of the patent code is to award lost profits where they have been proved by non-speculative evidence, rather than to grant a royalty. Therefore, the judgment will be for $831,820.00 in lost profits. Also, costs of this suit will be granted.

With regard to the question of willful infringement and attorney's fees, these are always vexatious questions. The cases under § 284 and § 285 are all over the lot on willful infringement and attorney's fees. I think that the consensus of the cases is that I would have to find conscious and willful or persistent infringement in order to award treble damages, which are essentially exemplary or punitive damages. Very frankly, there is certainly no proof here of persistent infringement. This Cam-Clean product hadn't been on the market but for a few months before this lawsuit was filed. So, I cannot find persistent infringement. When it comes to conscious and willful in-

fringement, which, in my judgment, requires either a showing that there had been bad faith, unconscionable conduct, or a "Chinese copy" without any effort to show any independent inventiveness, I do not find that there is a sufficient showing of willful infringement, conscious infringement, or persistent infringement to justify any exemplary damages in this case. My reasons are several. I have already mentioned one, *i.e.*, that there is no showing of any course of persistent infringement. With regard to consciousness and willfulness, although I am not enamored of what you might call the Nuremberg defense, which is relying on others to do their duty in a right or lawful way, it doesn't absolve you of all duty to exercise independent judgment (as Lt. Calley and others found out, usually at the end of some war), nonetheless, as it translates to the patent area, I think that you cannot in this case find that there has been sufficient bad conduct to award exemplary damages. Frankly, Cambridge went to ADL in the reasonable, good faith expectation, I find, that ,ADL would design them something that did not infringe on anybody's patent. In the event, for reasons that I have stated at great length this afternoon, I do find that the Laitram patents were infringed, but there certainly was a good faith attempt on the part of Cambridge to come up with a novel design that did not infringe on any patents. The patent matrix was done. There was communication between Mr. Pink and Mr. Brinkman with regard to the matter. There was not a cavalier disregard, nor was there a rushing on to the market with an item that looked exactly like the Laitram item. I think that the important thing for the question of infringement, is whether it does the same thing in substantially the same way and by substantially the same means. Certainly when you get down to infringement by equivalents and even literal infringement, as you can see from what has gone before in this opinion, it is often a matter of hairsplitting too. We've been splitting hairs in here for nine days before

we've come up with a solution to the legal dilemma. Therefore, I do not find that there was any bad faith on the part of Cambridge. Certainly Cambridge was motivated by a desire to compete in the market place, but that is the American Way, and there is nothing wrong with a good faith desire to compete in the market place and it is not to be punished by exemplary damages. They didn't go out and steal the tooling drawings from Mr. Lapeyre's product, they didn't photograph it and make tooling drawings from it, they went out and paid a whole lot of money to ADL. As it turns out, very frankly, although it is *res inter alios* as far as this lawsuit is concerned, I think that ADL gave Cambridge the impression by going through this patent matrix business that ADL could be relied upon to design something that would not infringe on the disclosed art. There is no question that they all had the Intralox patents foremost in mind, because they were the best things on the market. That's really not in dispute in this lawsuit. But, Cambridge relied on ADL to do a job and ADL didn't do it so as not to infringe. As it turned out, ADL covered itself by sticking something in the end of its contract that said, By the way, if this thing infringes, don't call us. Well, as between Cambridge and ADL, that's for them to work out, but it certainly doesn't show me bad faith on the part of Cambridge, and that is what I would have to find in order to award exemplary damages. The case law, and there is case law still cited that goes back to before World War II on this under § 284 and § 285, says you don't award exemplary damages or attorney's fees where the issues were close and fairly debatable and were litigated in good faith, which is what happened here. The issues were close and fairly debatable and litigated in good faith, I feel. Not to mention by extremely talented and diligent attorneys on both sides.

I thank both of you and your support teams for your efforts in this case., I think you did an excellent job. I hope I wasn't too hard on you, but my job is to keep

things moving. As you can see, I've always got 20 other things to do besides being here in the courtroom, so my time is limited and I honestly do not have another day open until July when I could continue the trial of this case, so it had to move on. But, it was a pleasure having both of you here in court and I did appreciate your presentations. You both did an excellent job. Mr. Joyce, even though I found for plaintiff in this lawsuit, you really gave me a work out and made me think long and hard about everything in the case. You presented an excellent, excellent defense. It couldn't have been done better in any way, but I've got to call them as I see them, factually and legally, and there you have it. I think frankly in patent cases, the District Court is often a way station anyway, as you might wind up in Washington in any event, but, especially, where there's a lot of money involved as in a case like this, I'll probably be reading out it in the back of some F2d. somewhere someday. Nonetheless, I think you both did an excellent job on this case and it was a pleasure to have you both.

In view of the findings and conclusions that I have announced, the judgment is for the plaintiff on all counterclaims. Judgment is for the plaintiff for injunctive relief pursuant to 35 U.S.C. § 283; damages in the amount of $831,820, pursuant to 35 U.S.C. § 284; and the Court finds that neither exemplary damages under 35 U.S.C. § 284 nor attorney's fees under 35 U.S.C. § 285 is warranted by the facts.

Mr. Hayes will draw up a judgment that embodies those points. So it will grant an injunction in accordance with the usual form for injunctions in such cases. Damages in the amount of $831,820, with interest from the date of judgment at the legal rate. Costs of this suit; judgment for the plaintiff on the counterclaims; judgment for the defendant on the issues of exemplary damages and attorney's fees. Also, judgment will also recite that the Court has found the four patents in suit not proved invalid

and also a finding that the four patents in suit are infringed for reasons stated in findings and conclusions recited in open court.

Amendment to Findings and Conclusions, Requested in Open Court

I find clearly that the perforated top, Pl.'s Ex. 58, literally infringes claim 19 of '141. Paragraph 1 reads on it. Paragraph 2 reads on it. Paragraph 3 reads on it. Paragraph 4 clearly reads on it. So, claim 19 and dependent claim 20 is infringed by the perforated top Cam-Clean. I also find, then, for reasons previously stated, as applied to my physical inspection of Pl.'s Ex. 58, that it infringes 19 of '141, if not literally, then also by equivalents.

I also find that the perforated top, Pl.'s Ex. 58, reads on claim 8 of '763, literally infringing it, and if not literally, it infringes by equivalents. It performs substantially the same function by substantially the same means, in substantially the same way as the '763 patent.

Within 10 days of the entry of judgment is the time for new trial motions or other post-judgment motions, or motions, and specifically for any motion under Rule 52 for additional or different findings of fact.

Dated: March 19, 1985

/s/FREDERIC N. SMALKIN
FREDERIC N. SMALKIN
United States Magistrate

APPENDIX D

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

CIVIL ACTION NO. HAR 83-3126

THE LAITRAM CORPORATION and INTRALOX, INC.,
Plaintiffs

v.

THE CAMBRIDGE WIRE CLOTH COMPANY,
Defendant

JUDGMENT

Plaintiffs, The Laitram Corporation and its wholly owned subsidiary Intralox, Inc., brought the present patent infringement suit against defendant, The Cambridge Wire Cloth Company, for damages and injunctive relief as a consequence of alleged patent infringement.

Defendant responded by asserting patent invalidity, non-infringement and inequitable conduct defenses and by filing counterclaims seeking a declaration of patent invalidity, unenforceability and non-infringement. Defendant also has counter-claimed alleging sham litigation, unfair competition and patent misuse for which attorneys' fees, expenses and costs are sought.

This matter was tried before the Court for nine days commencing February 25, 1985 and ending March 8, 1985. For the reasons set forth in particular detail in this Court's oral findings of fact and conclusions of law rendered in open court pursuant of Fed.R.Civ.P. 52(a) at the conclusion of trial,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. Judgment is entered for plaintiffs on their Amended Complaint. The Court finds that defendant's CAM-CLEAN close rib product (PX 33) has infringed, either literally or under the doctrine of equivalents, claims 1, 2, 10, 11, 15, 19, 20, and 21 of U. S. Patent No. 3,870,141; claims 21, 22, and 24 of U. S. Patent No. 4,051,949; claims 1, 2, 4, 5, 6, 7 and 8 of U. S. Patent No. 4,159,763; that defendant's CAM-CLEAN perforated top product (PX 58) has infringed either literally or under the doctrine of equivalents claims 19, 20, and 21 of U. S. Patent No. 3,870,141 and claim 8 of U. S. Patent No. 4,159,763; and that use in a conveyor drive system of defendant's sprocket and non-circular drive shaft assembly has infringed claims 1, 2, and 3 of U.S. Patent Re. 30,341.

2. Judgment is entered for plaintiffs on each of defendant's Counterclaims. The Court finds that U. S. Patents Nos. 3,870,141; Re. 30,341; 4,051,949; and 4,159,763 are not invalid under 35 U.S.C. §§ 102, 103 and 113, nor are these patents unenforceable due to alleged inequitable conduct, unfair competition or patent misuse, nor are the plaintiffs estopped because of the prosecution histories of said patents from maintaining that the claims identified in paragraph 1 cover the accused products by equivalents.

3. Judgment is entered for plaintiffs in the amount of $831,820, representing lost profits, plus interest from the date of this Judgment, and costs, and defendant is ordered to provide an accounting of sales of CAM-CLEAN products, including square footage sold and quantities of CAM-CLEAN sprockets on non-circular shafts sold, from January 1, 1985 to the date hereof.

4. Judgment is entered for defendant on plaintiffs' request for attorney's fees and exemplary damages since the Court finds that defendant did not wilfully infringe plaintiffs' patents.

5. Unless the respective claims identified in paragrpah 1 are subsequently found to be invalid, not infrined and/ or unenforceable, defendant is hereby enjoined for the life of U.S. Patents Nos. 3,870,141, 4,051,949 and 4,159,763 from the manufacture, use and sale of defendant's CAM-CLEAN close rib product (PX 33); for the life of U. S. Patent Nos. 3,870,141 and 4,159,763 from the manufacture, use sale of defendant's CAM-CLEAN perforated top product (PX 58) or the structural equivalent thereof, and for the life of U.S. Patent No. Re. 30,341 from the manufacture, use and sale of sprockets and non-circular drive shafts for use in a conveyor drive system as defined in claims 1-3 of U. S. Patent No. Re. 30,341.

6. Provided, however, that the order for accounting in paragraph 3 above and the injunction in paragraph 5 above are stayed, pursuant to FED. R. CIV. P. 62(a), until the filing of a notice of appeal, and may be stayed thereafter pursuant to FED. R. CIV. P. 62(d).

JUDGMENT RENDERED AND SIGNED THIS 19TH DAY OF MARCH, 1985.

/s/Frederic N. Smalkin
FREDERICK N. SMALKIN
United States Magistrate

APPENDIX E

Claim 19 of Patent 3,870,141 Compared
with the Preferred Embodiment of
German Patent 113,669—Malard

Claim 19	Mr. Lapeyre's Testimony re Fig. 9 of Malard
"A linked belt comprising in combination:	"Q. I'm looking at Figure [9]. That's a linked belt isn't it? A. Figure [9] is a linked belt." (Appendix F, at 56a)*
a plurality of like modules,	"Q. . . .But we do have a plurality of like modules in there. . . A. There is a plurality of like modules." (*Id.* at 57a)
each of said modules including a first plurality of link ends of like width, a second plurality of link ends each of said like width, and an intermediate section integrally formed with and joining said first and second pluralities of link ends,	"Q. . . .And each of said modules including the first plurality of link ends of like width. A. I'll admit to that. Q. The second plurality of link ends each of said like width.

A. All right.

Q. And an intermediate section integrally formed with and joining said first and second plurality of link ends.

A. All right." (*Id.*)

said link ends of each (of) said modules being releasably engaged between and substantially in contact with link ends of an adjacent module except for individual link ends disposed at the extreme sides of said belt; and

"Q. . . .The link ends of each of said modules being releasably engaged between and substantially in contact with link ends of an adjacent module except for individual link ends disposed at the extreme sides of said belt. Do you agree with that?

A. Right. All right." (*Id.*)

means for pivotally connecting said modules at engaged link ends,

"Q. And does this Patent disclose means for pivotally connecting said modules and engaged link ends?

A. Yes." (*Id.*)

said modules being arranged in staggered relation with a side edge of each module being disposed intermediate the side edges of an adjacent pivotally connected module so that relative motion of each and adjacent modules parallel to a line through engaged link ends thereof is prevented by the engagement of said engaged link ends.

"Q. Now, referring to Figure Nine again, are said modules arranged in staggered relation with the side edge of each module being disclosed [sic], intermediate the side edges of an adjacent pivotably [sic] connected module?

A. In some cases that's true.

Q. So that relative motion of each and adjacent modules, parallel to a line through engaged link ends thereof is prevented by engagement of said engaged link ends?

A. Yes." (*Id.* at 58a)

* Both counsel and the witness misspoke using "three" instead of 9. The witness subsequently noted the necessary correction.

APPENDIX F

Excerpts from Joint Appendix in Appeals Nos. 85-2247 and 85-2248 (Pages 2-099 to 2-106)—Testimony of J. M. Lapeyre, Sr., Co-Inventor of Patent 3,870,141

* * *

Q. Now, Mr. Lapeyre, I'd like to refer you to Claim 19 of the 141 Patent.

A. Um hum.

* * *

Q. Claim 19, a linked belt. Do you agree that it's a linked belt?

A. It hasn't said belt yet.

Q. Well, I pointed to the word belt on page four of the translation.

A. A belt of this type. All right. Okay. We've got belt.

Q. I'm looking at Figure Three. That's a linked belt isn't it?

A. Figure Three is a linked belt.

Q. Comprising in combination a plurality of like modules. Can you find a plurality of like modules in Figure Three?

A. In Figure—

Q. Figure Three, sir. The next page.

A. That's Figure Nine.

Q. I'm sorry. Excuse me. Figure Nine.

A. No. I said there's a plurality of modules but some of them are not like modules.

Q. But many of them are like are they not?

A. Many of them are like, yes.

Q. But a few—

A. A few are not alike.

Q. A few are not alike.

A. Yeah.

Q. Okay. Because they don't have a plurality on both sides. But we do have a plurality of like modules in there although there—

A. There is a plurality of like modules.

Q. Okay. And each of said modules including the first plurality of link ends of like width.

A. I'll admit to that.

Q. The second plurality of link ends each of said like width.

A. All right.

Q. And an intermediate section integrally formed with and joining said first and second plurality of link ends.

A. All right.

* * *

Q. Yes. The link ends of each of said modules being releasably engaged between and substantially in contact with link ends of an adjacent module except for individual link ends disposed at the extreme sides of said belt. Do you agree with that?

A. Right. All right.

Q. And does this Patent disclose means for pivotably connecting said modules and engaged link ends?

A. Yes.

Q. Now, referring to Figure Nine again, are said modules arranged in staggered relation with the side edge of each module being disclosed, intermediate the side edges of an adjacent pivotably connected module?

A. In some cases that's true.

Q. So that relative motion of each and adjacent modules, parallel to a line through engaged link ends thereof is prevented by the engagement of said engaged link ends?

A. Yes.

* * *

Q. Okay. Now, Mr. Lapeyre, with the belt of the type disclosed in the Patent that we've just been talking about, Defendant's Exhibit 28, when that belt is under load, will the pivot hinges—I'm sorry, will the hinge pins be purely and shear?

A. Yes.

Q. Now, you've have a chance to study that Patent. Are you—

A. I've read it. I can't say I've studied it, Mr. Joyce, but I've read it.

Q. Well, we've gone through it. Are you at this point willing to or ready to visualize a situation where you have on each of the modules say 100 link ends on each side?

A. We'll try. I'll try for you.

Q. Will you do that? All right. In that case, would there be a plurality of like modules in the arrangement, when staggered in the manner of Figure Nine?

A. Yes.

Q. And without laborously going over the rest of the Claim, would you agree that each of the elements of Claim

19 therefore would find correspondence in such a version of Malard.

A. Yes.

* * *

Q. And haven't you just agreed with me, sir, that that Malard Patent completely anticipates Claim 19 of your 141 Patent?

MR. HAYES: Objection.

THE COURT: Overruled. Answer the question.

A. It's yes. It's certainly pertinent.

* * *